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22 APR 1959

ON-FILE TREASURY RELEASE INSTRUCTIONS
APPLY

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The Honorable Robert E. Anderson/
The Secretary of the Treasury
Washington 25, D. C.

Dear Bob:

Following your call of Monday concerning our views
on the validity of Soviet economic statistics, I had one of my
people prepare the attached summary report on this subject.

I hope this report meets your needs; if you wish, we
can amplify it in considerable detail.

Sincerely,

SIGNED

Allen W. Dulles
Director

Enclosure: The Validity of Soviet Economic
Statistics

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APPROVED:

[Redacted Signature Box]

Deputy Director/Intelligence

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ORR:Ch [Redacted] (17 April 1959)

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The Validity of Soviet Economic Statistics

The validity of Soviet economic statistics has been the subject of continuing examination by Western economists in the academic world and in the intelligence community. There is general agreement that the more highly aggregated Soviet statistics, such as gross industrial production and national income, differ from Western measures of Soviet achievements in economic concept and statistical procedure, and can be quite misleading.

On the other hand, there is general agreement that Soviet physical production data for individual commodities are essentially reliable and are directly comparable with US data, once definitional differences are reconciled. It is primarily these commodity data which form the basis of the intelligence community's estimates of Soviet economic strength.

Deliberate, centrally-directed, falsification of Soviet economic plans and achievements to deceive the domestic population or foreign observers can confidently be ruled out. The possibility of Soviet planners using a double set of books throughout the economy is inconceivable in terms of the sheer magnitude of the task involved in such an operation. Furthermore, the possibility of practicing this type of deception on the national level alone can be ruled out by consistency checks which indicate conformity among the data reported at individual plant, regional, and national levels.

More convincing still is the body of data accumulated since World War II which repeatedly reveals a close conformity between published Soviet data and secret operational data, both in planning documents and achievement reports. This evidence covers all levels of activity, from the classic case of the secret 1941 annual economic plan captured by the Germans during World War II which agreed with all the data that appeared in the published version of the plan, to numerous examples of published data on the performance of individual industrial plants which agree with actual plant reports

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Another type of Soviet official statistics pertain to investment activities in which Soviet current ruble figures are used. A cross-check on the validity of these figures is obtained through construction of Soviet national accounts. These studies include a capital account in which funds designated for investment are balanced by independently derived official sources of financing. In summary, while CIA uses many Soviet official statistics, an intensive and continuing effort to cross check these is going on using every possible type of source.